GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2554
ANSWERED ON:16.12.2008
FALL IN PRICES OF RUBBER
Bellarmin Shri A.V.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the prices of domestic rubber have fallen suddenly;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government proposes to fix minimum price for Domestic Natural Rubber;

(d) if so, the details thereof; and

(e) the steps taken/proposed to be taken by the Government to prevent further fall of the prices?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a) and (b): Yes, Sir. Daily price of Ribbed Smoked Sheet (RSS) 4 grade rubber declined from Rs 142 per kg on 28 August, 2008 to Rs 59.00 per kg on 9 December, 2008. In the current Quantitative Restrictions (QR) free environment, the domestic rubber prices generally follow the international price trends. The main reasons for the fall in rubber prices are
(i) steep fall in rubber prices in the international market;
(ii) recessionary tendencies in the global automobile and related industries;
(iii) steep fall in the price of crude oil;
(iv) appreciation of Japanese Yen against US dollar pulling down rubber prices in Tokyo Commodity Exchange (TOCOM); and
(v) depreciation of currencies of natural rubber producing countries.

(c) and (d): The notified statutory minimum price for natural rubber has been Rs.3209 per 100 kg for RSS 4 grade and Rs.3079 per 100 kg for RSS 5 grade from 12th September 2001. No action has been initiated so far to revise the statutory minimum price for natural rubber.

(e): Temporary suspension of futures trading in NR has been withdrawn with effect from 01.12.2008 in light of the high volatility in rubber prices after the suspension. Trends in domestic and international rubber prices and trade in NR are regularly monitored.